



Venture Mentors, LLC

Self-Employment is a Viable Option.... Really!

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What is Venture Mentors?

Venture Mentors is a unique consulting firm that specializes in helping people with disabilities successfully launch and manage profitable small businesses or micro-enterprises.

Venture Mentors provides a one-of-a-kind linkage between the business world and the vocational rehabilitation or disability services systems.



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The Facts About Self-Employment and Disability

- 7.8% of the general population is self-employed
- 12.2% of people with disabilities are self-employed
- RSA Choice Demonstration project reported 20-30% of VR clients would prefer to be self-employed
- 2.7% of VR closures were with self-employment
- 90% of businesses started by people with disabilities are successful
- Most well structured small businesses can be successful very quickly



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Why do so few people with disabilities own businesses?

- Rehab systems and professionals have NO experience with business
- Service system not set up to support people in business
- No connection to or involvement with the business community
- Funding not flexible nor consumer directed
- Focus on quick employment outcome
- People with disabilities fear benefit loss



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The Case for Self-Employment

In many cases, self-employment is the very best option and may be a far better option than wage employment.

Self-employment can:

- Give greater flexibility to the owner
- Give greater freedom
- Allows independence
- Can provide greater income
- Allows for asset building
- Can accommodate some disabilities more readily than wage employment



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OK – so self employment is a great option for people with disabilities

How do we support people with disabilities to start and manage profitable small business?



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Current Self-Employment Support Models

Supports occur along a continuum with 3 basic "looks" or "flavors"

- The Anti Support Model
- The Reluctant Support Model
- The Wrong Supports Model



The Anti Support Model

- Basic premise: Self-employment is NOT a viable option. Our job is to convince you that you can't do this
- Barrier orientation full of screen-out techniques and "tests" that do not make sense in a business context
- Regulations are set up not to provide assistance to anyone unless they prove they don't need it



The Reluctant Support Model

- Basic premise: Self-employment MAY be a viable option, but we don't know how to help
- Policies don't actively discourage self-employment, but don't encourage it either
- Referral to whatever business planning services already exist (SBDC, SCORE, schools of business, etc.)
- May pay for adaptive equipment, some business start-up costs



The Wrong Supports Model

- Basic premise: Self-employment is a great option and it works just like supported wage employment – right?
- Use of existing disability services system – person centered planning, circles of support and supported employment providers
- Emphasis on having supported employment providers expand into new area – hey, how hard can it be to write a business plan??



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What is Missing?

- SCORE and SBDC may give advice and models, but they are generally not staffed to do the work.
- State VR, community based rehab agencies, and supported employment providers don't have the business expertise nor the time to acquire it.
- Nobody is paying attention to what self employment income does to public income maintenance programs (such as Social Security benefits, etc.) or how benefits can be leveraged to help achieve a self-employment goal. BPAO providers are not well trained in this area.



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SBDC and SCORE

- 70% of SBDC staff said they had no experience dealing with people with disabilities
- 52% of SBDC staff said they did not know what VR did
- Only 9% of state VR agencies have interagency agreements with SBDC
- SCORE is a volunteer service – expertise is highly variable.



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DOL Blue Ribbon Panel

First recommendation: Develop a national mentor network, a system of matching appropriate mentors and protégés with disabilities in one-to-one relationships. Mentors would assist protégés with establishing credit, developing and implementing a business plan, developing resources and provide continuing support after the business is operating. The network could be developed with the assistance of local resources such as vocational rehabilitation counselors and independent living centers.



KY OVR - One State's Experience with Self-Employment

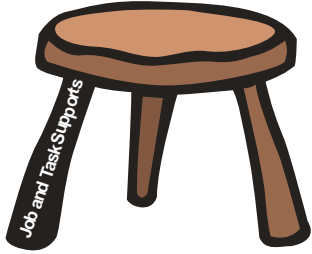
- History of self-employment in general VR caseload
- Project Asset self-employment demonstration – how it came to be
- What KY OVR learned about supporting people with significant disabilities in small businesses
- New regulations on self-employment for general caseload



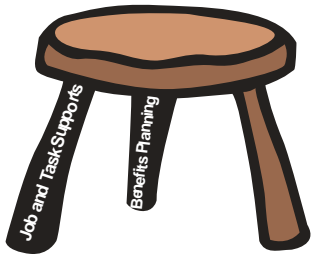
Project Asset - A New Model



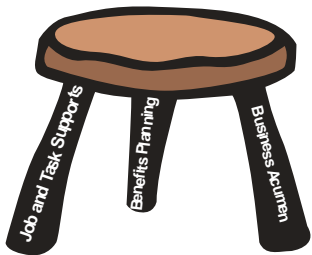
Project Asset - A New Model



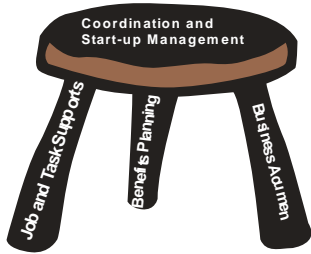
Project Asset - A New Model



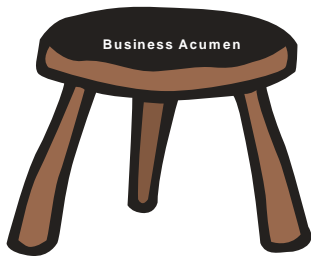
Project Asset - A New Model



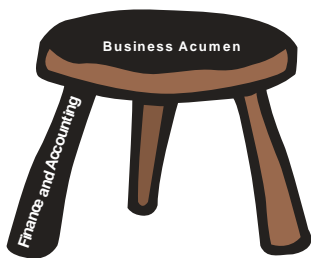
Project Asset - A New Model



A Business Model



A Business Model



A Business Model

Business Acumen

Finance and Accounting

Bus Administration

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A Business Model

Business Acumen

Finance and Accounting

Bus Administration

Sales and Marketing

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Other Business Needs

- Production Planning and Control
- Inventory Planning and Control
- Engineering
- Public Relations
- Human Resources
- Systems Planning and Control
- Legal Services
- Treasury/Cash Planning

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Ok – I get it. There has to be some understanding of business.

So, what are we doing wrong specifically and what can be done about it?



Proof of Concept

- Has the person decided on a business?
- Is the business viable?
- Can it make enough to support itself?
- What supports are necessary?
- Is the person, or his support committed to doing the work?
- Are the correct people involved?
- Is there any internal expertise?




Problems - Proof of Concept

- I want to own my own business because I can't get along with people.
- Just tell me what the business is, set it up for me, and I will run it.
- It will be successful, because I say so and I want it really badly.
- Disability service providers are going to do all of the work.
- We have volunteers that will donate their time to make it happen.




Business Plans

- Simplest part of setting up a business
- Three basic parts
 - Business
 - Marketing
 - Finance
- Finances based on real marketing data
- Marketing based on real business capability




Business Plan Problems

- I just need a business plan to get financing
- I know the people around here - I know what will sell
- I am going to have sales of \$10,000 the first month. What do you mean I need to support the number?
- I am a Supported Employment provider, of course I can do self-employment
- What do you mean, business controls?
- The business plan is done – all the hard work is done, right?



Business Problems Related to the Disability World

- Most businesses deal with a “window of opportunity”
Reaction time needs to be quick
- You cannot “make” a business for a person. It has to be theirs. They or their support people have to have a significant commitment to make it work.
- We have a 30 person business advisory panel. The panel consists of Human Services professionals and attorneys. This business is going to be great, right?
- I have to report this to Social Security?



Business Problems Related to the Disability World

- He can't lose his disability check. I am paid out of his disability and he can't have the business if it means losing his check. This is in his "best interest."
- She will need a lot of support that we have to pay for, so why don't we just increase the income?
- My accountant says my Social Security benefits don't have anything to do with the business
- We need a lot of equipment like cars and computers. Let's just increase the PASS
- You mean VR is not going to give me \$200,000 for business start-up?



Business Problems Related to Business

- What do you mean I have to have a building and sewer inspection before I start. How long will that take?
- What kind of insurance?
- You mean I have to do that? Nobody told me.
- I have rented the building, now how do I do a business plan?
- The financing has to be used for what was listed in the business plan?
- My accountant told me I needed to incorporate, so I did.




Business Problems Related to Business

- You mean I have to pay wages based on Department of Labor standards?
- I am not an accountant, I don't need to know how to read financials.
- If I buy it for \$1.00 and sell it for \$1.10 I will make money, right? What do you mean overhead?
- I know at least 12 other guys doing the exact same thing. Why won't I make money at it?
- If I don't take money out of the business, it doesn't count as income




What is Needed

- Involvement of experienced business people in the Proof of Concept stage.
- Ability to advise on Business Structure its impact on the business and on public benefits.
- Ability to advise on Social Security's requirements for accounting systems and that it depends on the type of benefit.
- Understand the 3 basic pieces of the business plan, and how they fit together. Ability to create the plan
- Understand how to gather marketing information so that sales can be accurately projected. Ability to recognize the best method to support the plan




What is Needed

- Ability to figure business costs and profitability
- Understand basic business legal, licensing, tax and insurance. Have the ability to advise the client.
- Understand how to leverage public benefits to help capitalize the start-up
- Understand that the business plan is the beginning not the end. Businesses require long-term supports
- Don't hurt people because you don't understand what you are doing



What are the Do's?

- Knowing the effects of self-employment on benefits is essential. Benefits Planners are a great resource, but many do not understand self-employment
- Someone has to be personally invested in making the business work. This can be the person or a family member. A business can't be created FOR someone
- Get professional business help including marketing, finance and administration. Do not expect these people to understand SSA benefits, or to understand how to accommodate disability



What are the Do's?

- Somebody has to be responsible for coordinating the 3 legs of the stool. This somebody has to have a basic understanding of all three of the legs.
- Use email and phone calls to coordinate. Large "Circle of Support" meetings are generally not effective
- Plan and execute with a minimum number of key players
- If business advice is necessary, always use competent, qualified business people
- Do what you are good at – what you know how to do. Bring in others to do all the other stuff



Two Other Models

I am currently testing two other support models.

- Training and Technical Support
- Cooperative/Incubator




Training/Tech Support

- Training seminars provided to agencies to help staff understand business plans, Proof of Concept and basic benefits.
- Helpdesk support and mentoring for the agencies on business decisions, structures and complex business issues.
- Support for local accountants on benefits and accounting treatment of work incentives.



Training/Tech Support


- Requires staff with some level of business understanding and an interest in small business development.
- Requires dedicated staff time to help with writing plans and supporting start-up.
- Requires cooperation of local accountants and other professionals.
- The mentor must be a business person who is willing and able to hold the consumer's hand.



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Cooperative/Incubator


- Develop a support agency with general business, accounting and marketing support.
- Provide services at no cost, or reduced cost to help businesses develop.



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Cooperative/Incubator

- Requires a central funded agency.
- Requires public money or private donations.
- Requires similar type businesses to share marketing expense.
- The members of the cooperative must not be in direct competition with one another.



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